11/20/87 R4105-3 A

17179000C01 0000 000
Statistical Reference Index
Acquisitions
4520 East West Highway - Suite 800
Bethesda, MD 20814

STATISTICAL BULLETIN

Highlights

- GROWTH IN CONSUMER DEMAND IS MORE FOCUSED
- AND THE HOUSING MARKET REMAINS IN A DEEP SLUMP
- INVENTORY REBUILDING IS STILL UNDERWAY
- BUT INDUSTRIAL CONDITIONS HAVE WEAKENED
- AND THE LABOR MARKET IS LOSING MOMENTUM
- INFLATION JITTERS HIT THE FINANCIAL MARKETS SENDING INTEREST RATES HIGHER
- OUTLOOK • 3% ECONOMIC GROWTH THROUGH FIRST QUARTER OF 1988 THEN SLUGGISH GROWTH THROUGH REST OF NEXT YEAR

Volume 20, No. 10, October, 1987

CONTENTS

Comment	2-3
Status of Leading Economic Indicators	4
Diffusion Indexes	5
Business Executives' Expectations	5
Capital Appropriations	6
Key Determinants of Profit Margins	7
Economic Forecasts	8-9
Selected International Comparisons	10-11
Perspective on The Federal Budget	12
Money Supply and Monetary Policy	13
Help-wanted Advertising Indexes	14
Consumer Confidence and Buying Plans	15
Automobile Sales	16

The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: The U.S. economy has entered its 6th, but not necessarily its final, year of expansion. The pace of activity is expected to slow next year, diminishing the prospect of an overheated economy and a related rise in inflation. The consensus of the **Economic Forecasts** is that real GNP growth may weaken from 3% (annualized) in the first quarter of 1988 to 2% in the second half of the year. Recent interest rate hikes may put a damper on the rise in consumer demand and shorten a recovery, now underway, in business investment (in particular, in equipment and machinery.)

The good news is that economic growth is expected to continue—albeit at a slower pace, and fears about an overheated economy are abating. Business executives remain relatively positive about the economic outlook, and consumer attitudes are even more optimistic.

DOMESTIC MARKET MONITOR

This year's gains in the labor market remain open to question. Although the unemployment rate dropped from 6.7% in February to 5.9% in September, the employment/population ratio for adults remained at 63% through this period. The difference is partially explained by the 0.3% decline in the labor-force participation of adult white males from June through September.

Several indicators point to some deterioration in labor market conditions over the near term. Jobs in service industries were only 0.3% higher in September than 3 months earlier. Moreover, total hours worked were 0.8% lower in September than 3 months earlier, in part the result of a sharp decline in the manufacturing workweek.

Moreover, labor demand is no longer rising. The Conference Board's **Help-wanted Index**, a measure of labor demand, rose to 155 (1967=100) in June, from 142 in January but then stagnated through August. Early returns to the September survey show that the volume of help-wanted advertising is still not rising.

INCOME: The rise in hourly pay has quickened. The average rate in private industry was 7 cents higher in September than 2 months earlier, in contrast to a rise of a penny or two per month over the first half of the year.

The gain in hourly rates offsets slower growth in the number of workers and of hours worked. Wages in commodity-producing industry were 1% higher in August than 3 months earlier. Wages in other industry were 1.8% higher.

After months of little change, the pace of consumer borrowing picked up in July and August, and was not solely related to strong car sales in August. The net change in revolving credit was much higher in the summer months than it had been earlier—attesting to continued growth potential in consumer demand.

Recent job and pay gains have bolstered consumer attitudes. The Conference Board's **Consumer Confidence Index** was higher in September than at anytime in the last 15 years. Nor do these highly optimistic attitudes only pertain to current economic conditions. The data suggest that consumers expect job and pay increases to continue over the next 6 months.

SPENDING: With two notable exceptions, consumer buying has maintained a robust pace. Retail sales of nondurables were 1.4% higher in August than 3 months earlier. Except for furniture and appliances (and cars), sales of consumer durables were 2.5% higher over the same period.

Following a discount-induced surge in August, new domestic **Automobile Sales** in September fell back to July's level. Jobs in car production rose in September, however, reflecting an optimistic outlook for new model sales.

CONSTRUCTION: The weakest segment of consumer demand is still home buying. Sales of new, single-unit homes were 6% higher in August than 3 months earlier. But they remain 10% lower than at the beginning of the year. With the average price of a new home rising and mortgage rates going higher, the prospects for a recovery in home buying are not bright. Building permits for multi-unit construction continue to decline. Total hours worked in construction were still falling in September.

While prospects for a turnaround in home building appear slim, the developing recovery in business investment may impart some strength to nonresidential construction. Office, store and factory building was 2% lower in August than 3 months earlier.

PRODUCTION: Rising industrial output is likely to be short-lived. Total output was 1.8% higher in August than 3 months earlier, but employment gains in September were negligible and total hours worked declined. Production of defense- and space-related goods is no longer rising. Output of finished consumer goods has also slowed, no doubt in response to poor furniture and appliance sales.

The slow pace of industrial expansion is evident in the capacity-use data. Whereas the overall rate was a full point higher in July than 3 months earlier, it remained unchanged in August. That implies that the pressure on capacity utilization has diminished, which, in turn, will cut into the momentum of business investment.

Ken Goldstein, Editor

STATISTICAL BULLETIN (ISSN 0010-5554), published monthly by The Conference Board Inc. 845 Third Avenue, New York, N.Y. 10022. Printed in New York, N.Y. Second-class postage paid at New York, N.Y.

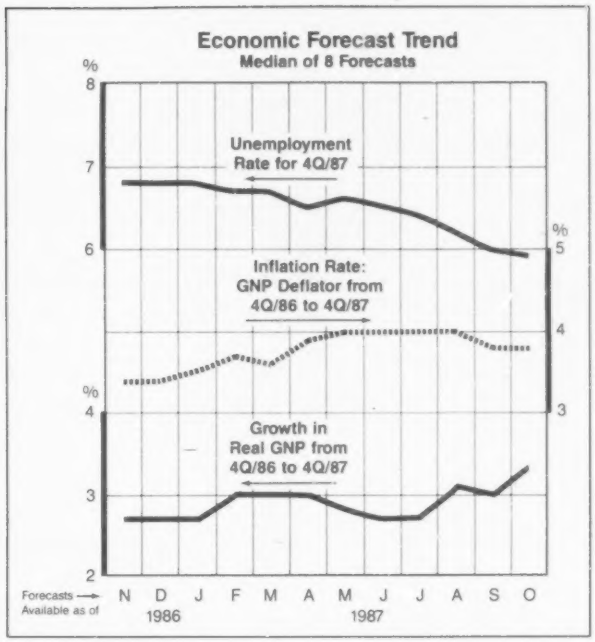
© 1987 The Conference Board, Inc.

The Conference Board, Inc.
845 Third Avenue
New York, New York 10022

The Conference Board, Inc.
Avenue Louise, 207-Bte 5
B-1050 Brussels, Belgium

The Conference Board, Inc.
1755 Massachusetts Avenue, N.W.
Suite 312
Washington, D.C. 20036

The Conference Board of Canada
255 Smyth Road, Suite 100
Ottawa, Ontario, K1H-8M7



Industrial expansion may be weakening because the flow of new orders appears to have slowed. Total new orders were 0.7% lower in August than 3 months earlier. Moreover, shipment of filled orders was 1.4% higher. With order books getting lighter, production is being scaled back.

The weakness in new orders is relatively concentrated. Orders for defense materiel were 1.2% higher than 3 months earlier. Nondefense capital goods orders were 2.1% lower—an indication that the rise in business spending on equipment may be limited.

INVENTORY: Suppliers are rebuilding inventory, but at the same pace as the rise in industrial sales. The overall Inventory-to-Sales ratio was no higher in July than 3 months earlier. One exception to that general trend is the 1.6% rise in durable inventory at the wholesale level while sales were 3% higher. That offset the 3.4% rise in durable stocks (omitting cars) at the retail level, while sales were only 0.8% higher.

INFLATION: After a pause in August, the recovery in commodity prices resumed in September with a 1% gain in the overall index. Raw industrial prices rose 1.3% in both August and September. Conversely, farm prices were generally flat to declining this Summer, partly as a result of a 42% drop in potato prices between June and September.

Wholesale prices show no acceleration. Raw food and energy prices fell this Summer. Prices for other raw material were 1.7% higher in August.

The rise in the CPI shows no change in trend. In August the CPI for commodities, except food and energy, rose at an annual rate of 3.8 percent. The consensus of the Economic Forecasts is for a 5% rise in the fourth quarter of 1987, and about the same for the fourth quarter of 1988.

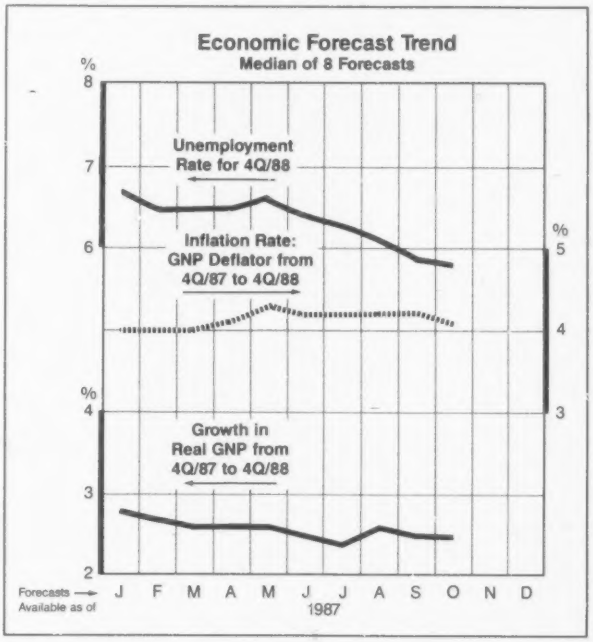
INTERNATIONAL MONITOR

Relatively strong domestic growth and unchecked demand for imported products has helped renew the surge in imports, despite the rising price of such products, by dollar depreciation. Total imports were 12% higher in July than 3 months earlier. The domestic economy remained strong in August, which implies that import growth for that month was probably unchanged.

Imports of manufactured goods were 8.4% higher in July than 3 months earlier. While that reflects a disproportionate rise in aircraft and parts, imports of other manufactured goods were still 7.3% higher.

While domestic expansion is feeding the rise in imports (despite the effect of a declining dollar) a lack of growth among some major U.S. trading partners is limiting export growth. Total exports were a mere 2.4% higher in July than 3 months earlier. But exports of manufactured goods were actually 2.3% lower. And that dismal export performance was achieved via a 10% rise in shipments of aircraft and parts.

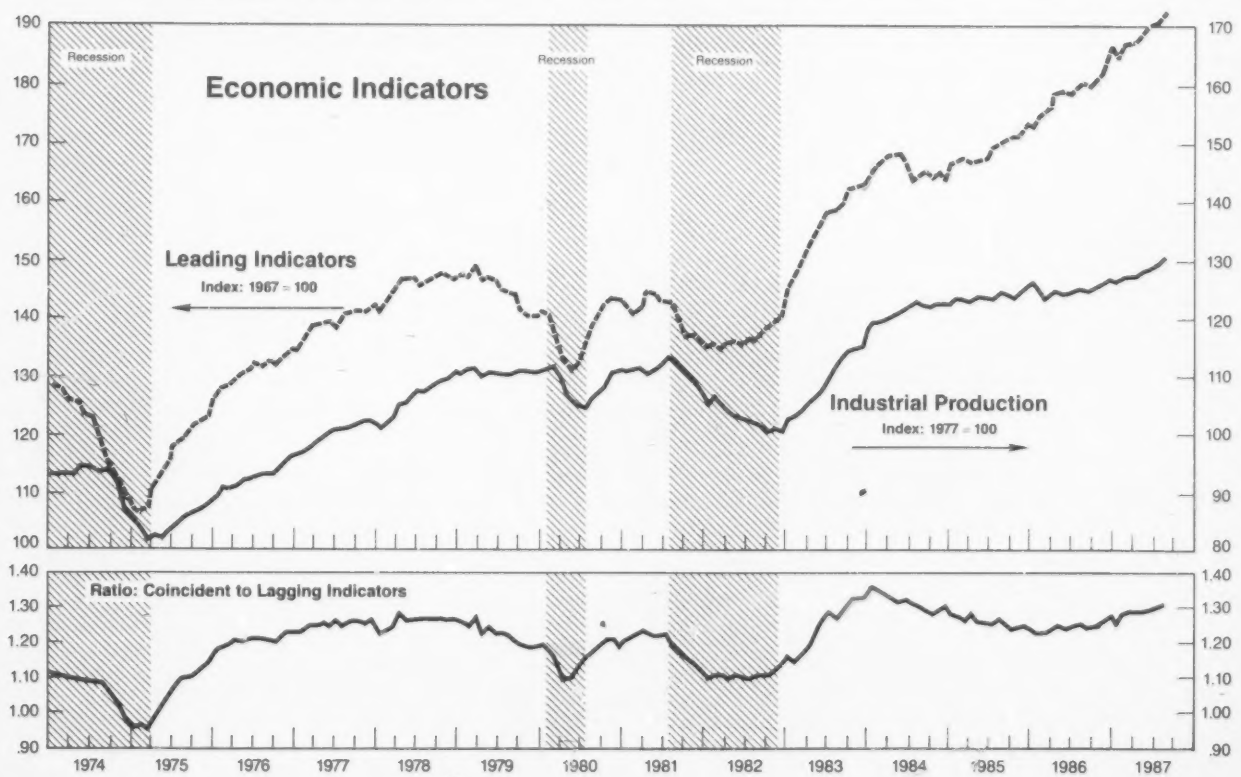
Ken Goldstein
October 13, 1987



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Aug.	X			2.0%	6.8%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Aug.			X	1.4%	12.9%
New orders, nondefense capital goods (deflated)	Aug.			X	- 1.7%	13.1%
*New business formation	Aug.	X			1.7%	1.6%
*Housing permits	Aug.		X		0.6%	-13.1%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Aug.		X		0.3%	5.0%
*Change in inventory, on hand & order (deflated)	Jul.		X		3.2%	35.1%
Purchasing agents' buying policy	Sep.		X		0.0%	- 1.0%
*Vendor performance, reported slower deliveries	Aug.		X		0.0%	9.0%
Industrial raw materials prices	Sep.	X			5.8%	32.2%
*Change in sensitive material prices	Aug.		X		1.2%	2.7%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Aug.		X		- 0.3%	0.9%
Change in business loans	Aug.	X			8.8%	-43.2%
*Change in credit outstanding	Jul.			X	- 6.7%	- 8.4%
Change in consumer installment debt	Jul.			X	- 2.7%	-33.9%
Profitability						
Total corporate profits, after tax (deflated)	2nd.Q	X			3.6%	6.9%
*Common stock prices	Sep.		X		5.5%	33.4%
Marginal Employment Adjustments						
*Average workweek, mfg.	Sep.		X		0.0hr	0.2hr
*Initial unemployment claims (inverted)	Aug.	X			8.9%	21.6%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



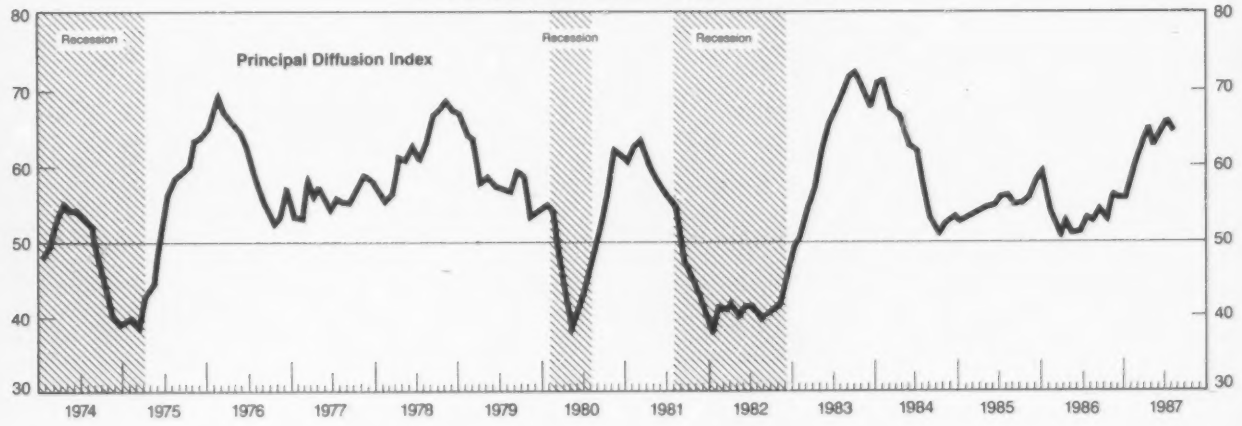
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1986 Aug.	1987 May	Jun.	Jul.	Aug.(e)
Principal Diffusion Index	53.5	62.3r	64.0r	65.9r	64.3
Auxillary Diffusion Index	48.0	43.5r	55.6r	56.3r	44.7
Industrial Group	49.2	58.9r	61.2r	64.2r	62.4
Nonindustrial Group	57.7	65.6	66.8	67.7r	66.2
Sense of Diffusion	0	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	62.4	68.8	73.5	77.8	76.9
Labor	46.4	54.0r	52.9r	56.5r	53.8
Miscellaneous	36.5	56.4	63.5	62.8r	62.2
Nonindustrial Subgroups					
Prices	66.0	85.3	88.5	91.7	86.5
Consumer	73.1	67.9	72.6	71.8	76.5
Building	39.1	44.2	45.5	46.2r	38.5
Miscellaneous	49.1	64.5	60.7	62.0r	60.7

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1984 Nov.	1984 Feb.	1985 May	1985 Aug.	1985 Nov.	1985 Feb.	1986 May	1986 Aug.	1986 Nov.	1986 Feb.	1987 May	1987 Aug.
	Score (scale 0-100)											
Measure of Business Confidence	57	61	52	51	55	61	61	50	51	55	55	59
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	57	62	48	45	53	63	61	44	50	56	55	62
2. Expectations for Economy, Six Months Ahead	57	61	53	53	56	62	62	52	51	54	53	56
3. Expectations for Own Industry, Six Months Ahead	58	61	55	54	56	59	60	54	53	56	56	58

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

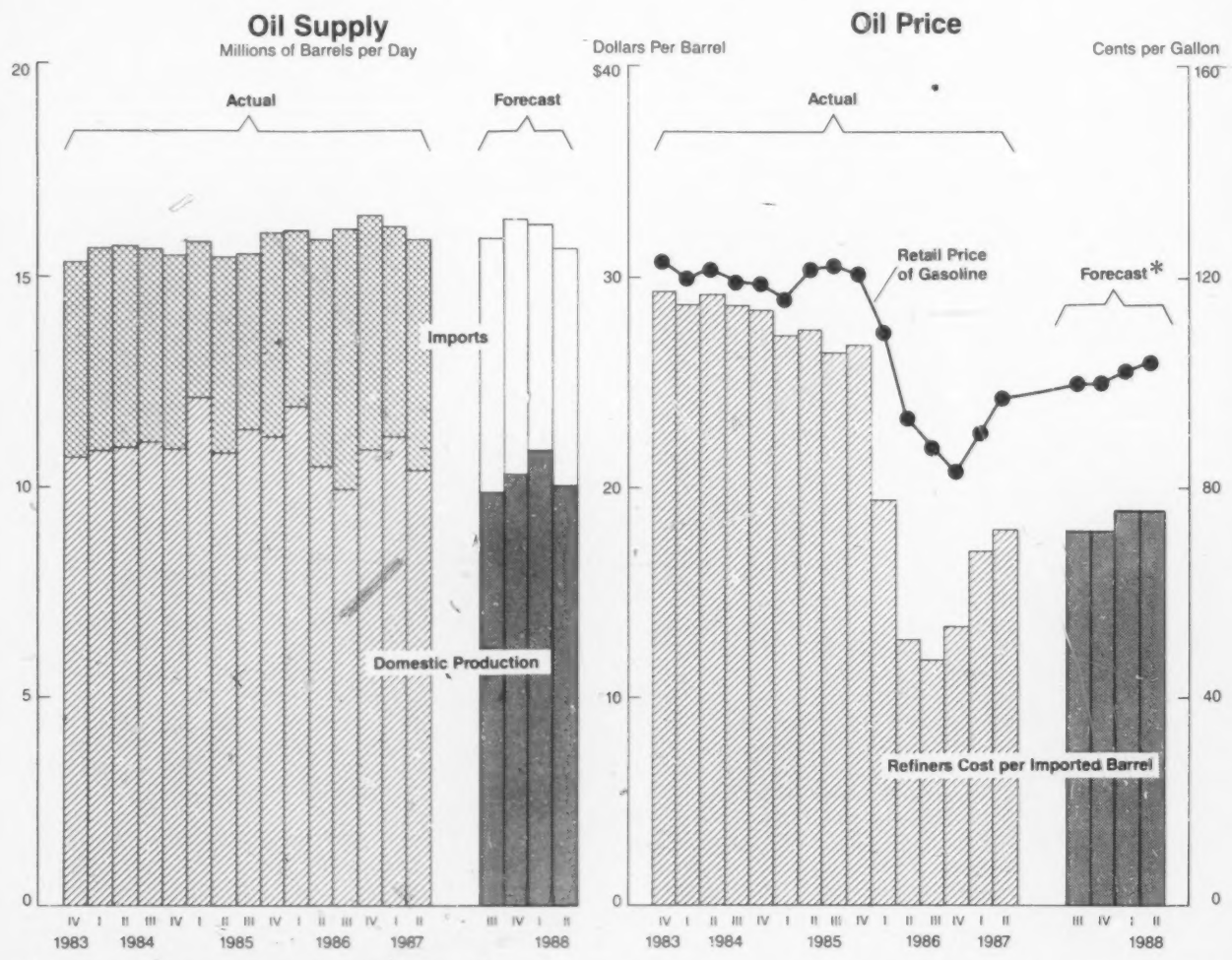
Billions of Dollars, Seasonally Adjusted

	1985	1986			1987		Percent Change From Previous Year	
	IV	I	II	III	Ir	IIp	Actual	Estimate
1000 LARGEST MANUFACTURING FIRMS								
New appropriations	27.190	23.386	19.991	20.203	21.441	26.235	31.2	14.7
Capital expenditures	26.336	23.566	24.309	22.452	20.801	22.897	- 5.8	5.5
Change in appropriations backlog*	-2.594	-2.368	-6.447	-5.060	-0.749	+2.702		
Durable Goods								
New appropriations	12.005	11.613	9.578	10.051	9.746	13.232	-38.1	16.1
Capital expenditures	12.676	11.479	11.880	12.186	11.124	11.288	- 5.0	1.2
Change in appropriations backlog*	-3.063	-1.582	-3.824	-3.986	-2.070	+1.574		
Nondurable Goods								
New appropriations	15.185	11.773	10.413	10.152	11.695	13.003	24.9	13.4
Capital expenditures	13.660	12.087	12.429	10.266	9.677	11.609	- 6.6	10.3
Change in appropriations backlog*	+0.469	-0.786	-2.623	-1.074	+1.522	+1.108		
ELECTRIC & GAS UTILITIES								
New appropriations	5.093r	8.692r	9.084	5.094	5.044		+ 3	
Capital expenditures	9.078r	8.417r	7.425	8.115	7.839		- 2.0	
Change in appropriations backlog*	-4.984r	-0.261r	+1.773	-7.325	-0.028			

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

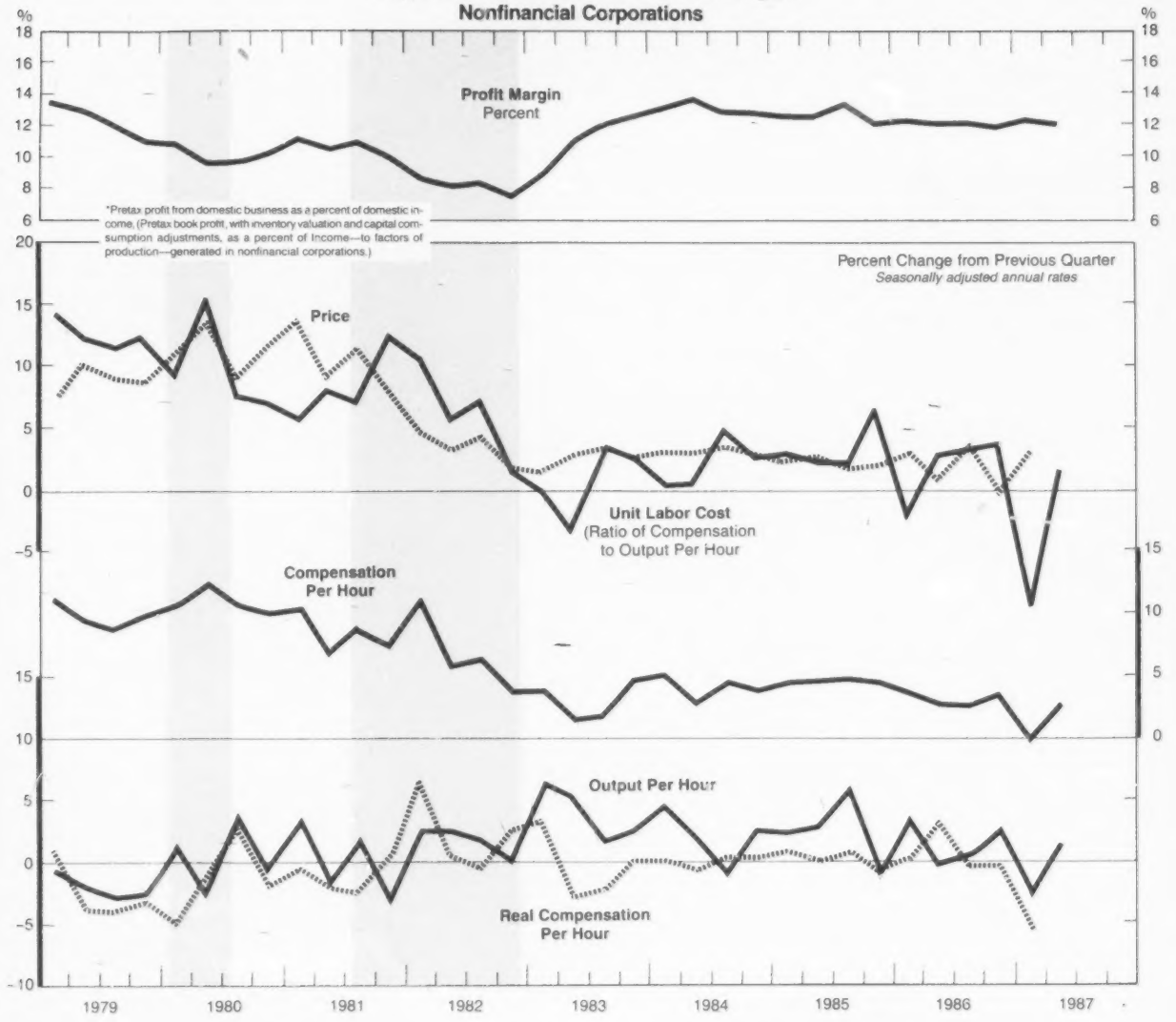
r—revised p—preliminary

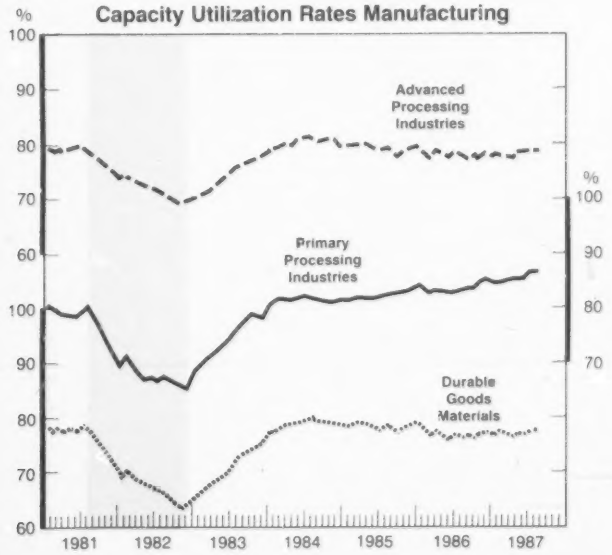
* Change in Backlog = New Appropriations – (Expenditures + Cancellations and Other Adjustments).



* Source of Forecast is The Energy Information Administration, Department of Energy.

Key Determinants of Profit Margin





ECONOMIC FORECASTS

			U.C.L.A.[2] Business Forecasting Project		Merrill Lynch[2] Economics Inc.		E.I. duPont[2] de Nemours & Co.		Georgia State University[2]	
Date of Forecast			*Sept., 1987*		*Sept., 1987*		*Sept., 1987*		*Sept., 1987*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1987**	**II**	**$4445.1**	**6.3%**	**$4445.1**	**6.3%**	**$4445.1**	**6.3%**	**$4445.1**	**6.3%**
Forecast		III	4534.1	8.3	4513.3	6.3	4536.0	8.4	4520.3	6.9
		IV	4627.0	8.5	4588.8	6.9	4624.0	8.0	4597.3	7.0
	1988	I	4708.9	7.3	4676.2	7.8	4700.0	6.7	4677.3	7.1
		II	4787.9	6.9	4765.4	7.9	4783.0	7.3	4753.0	6.6
		III	4859.8	6.1	4858.1	8.0	4864.0	6.9	4833.5	6.9
		IV	4939.8	6.7	4952.4	8.0	4944.0	6.7	4926.1	7.9
	1989	I	5032.7	7.7	5026.2	6.1	5009.0	5.4	5011.8	7.1
		II	5120.8	7.2	5155.4	10.7	5070.0	5.0	5094.7	6.8
		III	5208.5	7.0	5215.2	4.7	5132.0	5.0	5155.9	4.9
	1987	Annual	4496.0	6.2	4481.2	5.8	4495.7	6.2	4485.1	5.9
	1988	Annual	4824.1	7.3	4813.0	7.4	4822.8	7.3	4797.5	7.0
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1987**	**II**	**$3795.3**	**2.5%**	**$3795.3**	**2.5%**	**$3795.3**	**2.5%**	**$3795.3**	**2.5%**
Forecast		III	3839.7	4.8	3823.2	3.0	3831.0	3.8	3829.7	3.7
		IV	3879.8	4.2	3846.9	2.5	3863.0	3.4	3853.7	2.5
	1988	I	3919.1	4.1	3870.3	2.5	3891.0	2.9	3881.3	2.9
		II	3947.2	2.9	3893.7	2.4	3917.0	2.7	3904.7	2.4
		III	3964.5	1.8	3916.0	2.3	3948.0	3.2	3926.3	2.2
		IV	3989.9	2.6	3937.1	2.2	3974.0	2.7	3953.5	2.8
	1989	I	4017.5	2.8	3954.1	1.7	3991.0	1.7	3968.2	1.5
		II	4040.5	2.3	3967.1	1.3	4005.0	1.4	3977.1	0.9
		III	4061.8	2.1	3952.9	-1.4	4019.0	1.4	3969.1	-0.8
	1987	Annual	3821.8	2.9	3809.4	2.6	3815.4	2.7	3812.7	2.7
	1988	Annual	3955.2	3.5	3904.3	2.5	3932.5	3.1	3916.5	2.7
Gross National Product deflator Index, 1982 = 100										
Actual	**1987**	**II**	**117.1**	**3.5%**	**117.1**	**3.5%**	**117.1**	**3.5%**	**117.1**	**3.5%**
Forecast		III	118.1	3.3	118.1	3.2	118.4	4.4	118.0	3.1
		IV	119.0	3.1	119.3	4.3	119.7	4.5	119.3	4.3
	1988	I	120.2	3.9	120.8	5.3	120.8	3.7	120.5	4.1
		II	121.3	3.9	122.4	5.3	122.1	4.4	121.7	4.1
		III	122.6	4.3	124.1	5.6	123.2	3.6	123.1	4.6
		IV	123.8	4.1	125.8	5.7	124.4	4.0	124.6	4.9
	1989	I	125.3	4.8	127.1	4.3	125.5	3.6	126.3	5.6
		II	126.7	4.8	130.0	9.2	126.6	3.5	128.1	5.8
		III	128.2	4.8	131.9	6.2	127.7	3.5	129.9	5.7
	1987	Annual	117.6	3.1	117.6	3.1	117.8	3.3	117.6	3.1
	1988	Annual	122.0	3.7	123.3	4.8	122.6	4.1	122.5	4.1
Unemployment Rate										
Actual	**1987**	**II**		**6.2%**		**6.2%**		**6.2%**		**6.2%**
Forecast		III		6.0		6.0		6.0		6.0
		IV		5.9		5.9		5.9		5.9
	1988	I		5.7		5.8		5.9		5.7
	1988	II		5.5		5.7		6.1		5.6
		III		5.5		5.7		6.2		5.5
		IV		5.5		5.7		6.4		5.5
	1989	I		5.4		5.7		6.6		5.7
		II		5.3		5.9		6.8		5.9
		III		5.3		6.3		6.9		6.2
	1987	Annual		6.2		6.2		6.2		6.2
	1988	Annual		5.6		5.7		6.2		5.6

[1]Based on first revised (first revision) second quarter data.

[2]Based on second revised (second revision) second quarter data.

ECONOMIC FORECASTS (continued)

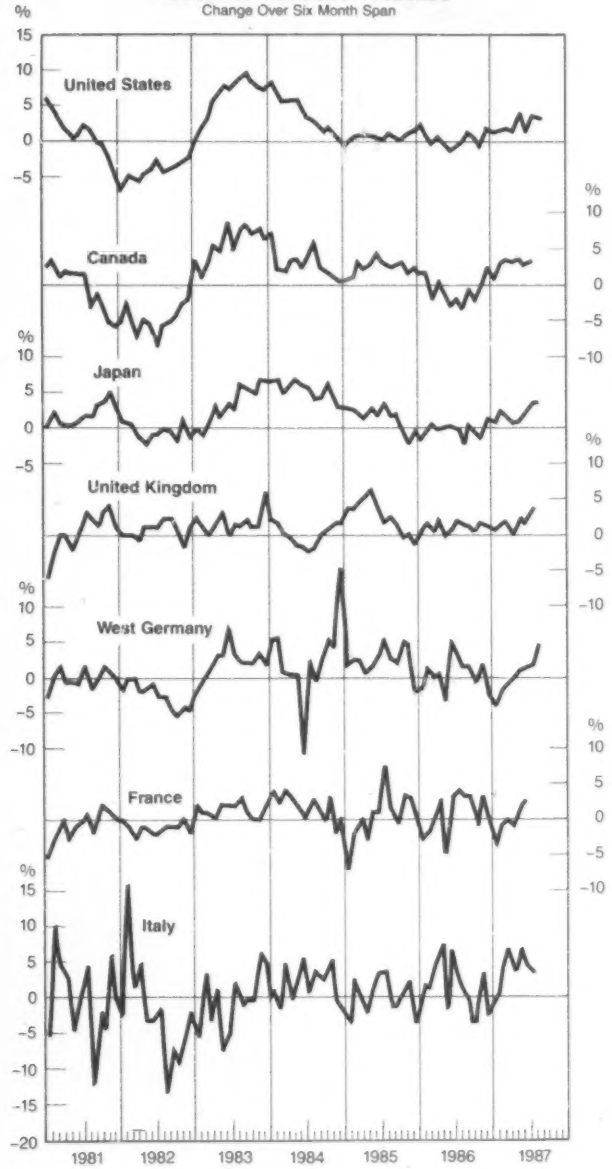
The Conference Board[2]		Laurence H. Meyer Associates, Inc.[2]		Data Resources Inc.[2]		Wharton E.F.A. Inc.[2]		Date of Forecast		
Sept., 1987		Sept., 1987		Sept., 1987		Sept., 1987				
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$4447.7	**6.6%**	**$4445.1**	**6.3%**	**$4445.1**	**6.3%**	**$4445.1**	**6.3%**	**II**	**1987**	**Actual**
4526.0	7.2	4509.8	6.0	4514.0	6.3	4516.8	6.6	III		Forecast
4610.0	7.6	4587.8	7.1	4582.0	6.2	4580.7	5.8	IV		
4680.0	6.2	4658.3	6.3	4661.2	7.1	4673.6	8.4	I	1988	
4745.0	5.7	4733.8	6.6	4728.6	5.9	4755.0	7.2	II		
4827.0	7.1	4815.7	7.1	4788.1	5.1	4836.9	7.1	III		
4919.0	7.8	4897.4	7.0	4855.1	5.7	4919.6	7.0	IV		
		4991.6	7.9	4939.3	7.1	4999.9	6.7	I	1989	
		5077.0	7.0	5020.9	6.8	5078.9	6.5	II		
		5166.6	7.2	5103.0	6.7	5141.9	5.1	III		
4490.4	6.0	4480.1	5.8	4479.7	5.8	4480.1	5.8	Annual	1987	
4792.8	6.7	4776.3	6.6	4758.3	6.2	4796.3	7.1	Annual	1988	
								Gross National Product Billions of Constant (1982) Dollars		
$3793.7	**2.5%**	**$3795.3**	**2.5%**	**$3795.3**	**2.5%**	**$3795.3**	**2.5%**	**II**	**1987**	**Actual**
3829.1	3.8	3820.2	2.7	3821.8	2.8	3819.7	2.6	III		Forecast
3857.7	3.0	3855.2	3.7	3847.0	2.7	3845.8	2.8	IV		
3874.2	1.7	3878.4	2.4	3882.2	3.7	3886.4	4.3	I	1988	
3886.2	1.2	3903.6	2.6	3904.4	2.3	3919.5	3.5	II		
3908.5	2.3	3927.5	2.5	3915.4	1.1	3944.3	2.6	III		
3935.2	2.8	3953.2	2.6	3934.7	2.0	3971.4	2.8	IV		
		3982.4	3.0	3960.7	2.7	3991.5	2.0	I	1989	
		4009.1	2.7	3983.9	2.4	4012.0	2.1	II		
		4035.2	2.6	4006.6	2.3	4018.9	0.7	III		
3813.2	2.7	3810.7	2.6	3809.1	2.6	3808.3	2.6	Annual	1987	
3901.0	2.3	3915.7	2.8	3909.2	2.6	3930.4	3.2	Annual	1988	
								Gross National Product deflator Index, 1982 = 100		
117.2	**3.4%**	**117.1**	**3.5%**	**117.1**	**3.5%**	**117.1**	**3.5%**	**II**	**1987**	**Actual**
118.2	3.3	118.1	3.2	118.1	3.4	118.3	3.9	III		Forecast
119.5	4.5	119.0	3.3	119.1	3.4	119.1	2.9	IV		
120.8	4.4	120.1	3.8	120.1	3.3	120.3	3.9	I	1988	
122.1	4.4	121.3	3.9	121.1	3.5	121.3	3.6	II		
123.5	4.7	122.6	4.5	122.3	4.0	122.6	4.4	III		
125.0	4.9	123.9	4.2	123.4	3.7	123.9	4.1	IV		
		125.3	4.8	124.7	4.3	125.3	4.6	I	1989	
		126.6	4.2	126.0	4.3	126.6	4.3	II		
		128.0	4.5	127.4	4.3	127.9	4.3	III		
117.7	3.2	117.6	3.1	117.6	3.1	117.6	3.1	Annual	1987	
122.8	4.3	122.0	3.8	121.7	3.5	122.0	3.7	Annual	1988	
								Unemployment Rate		
	6.2%		**6.2%**		**6.2%**		**6.2%**	**II**	**1987**	**Actual**
	6.0		6.0		6.0		6.0	III		Forecast
	5.9		5.9		6.0		6.0	IV		
	6.2		6.0		5.9		5.9	I	1988	
	6.5		6.0		5.9		5.7	II		
	6.5		5.9		5.9		5.7	III		
	6.3		5.9		5.9		5.7	IV		
			5.8		5.9		5.7	I	1989	
			5.8		5.8		5.8	II		
			5.7		5.8		6.1	III		
	6.2		6.2		6.2		6.2	Annual	1987	
	6.4		6.0		5.9		5.7	Annual	1988	

ATTENTION PC USERS: All data in this publication plus extensive government statistics are available on cost-effective diskettes in LOTUS and other formats. For more information, contact Linette Waters at (212) 759-0900.

Selected International Comparisons

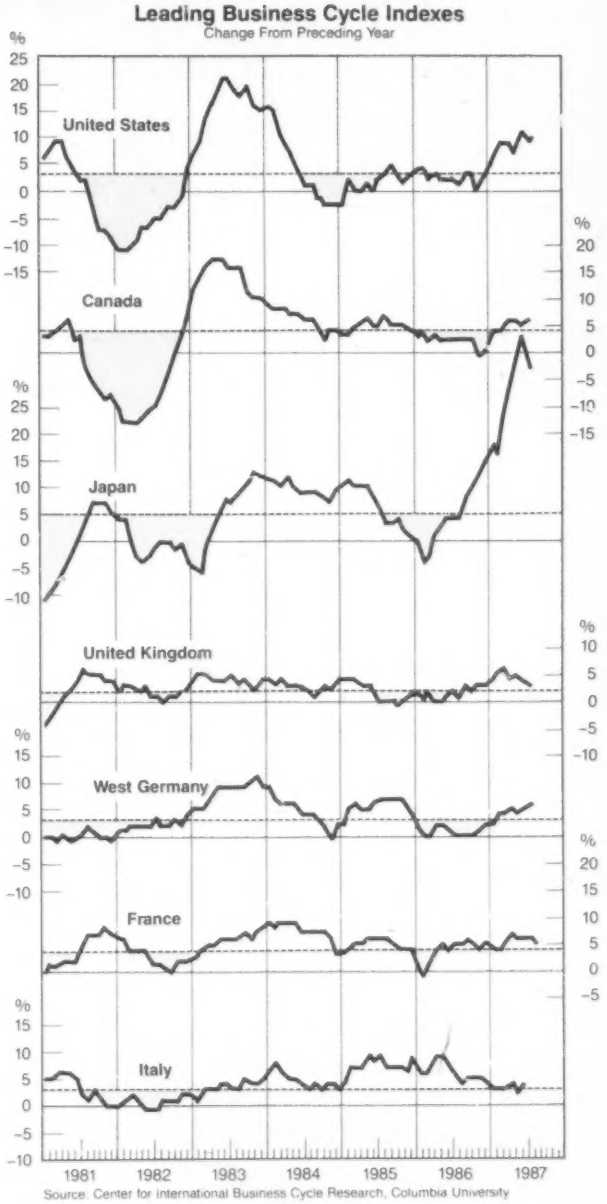
Industrial Production Indexes

Change Over Six Month Span



Leading Business Cycle Indexes

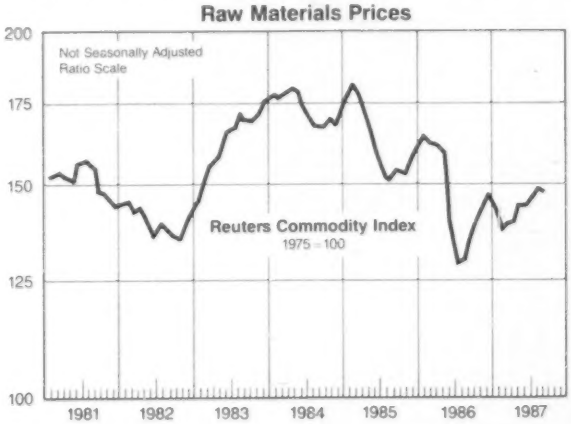
Change From Preceding Year



Source: Center for International Business Cycle Research, Columbia University

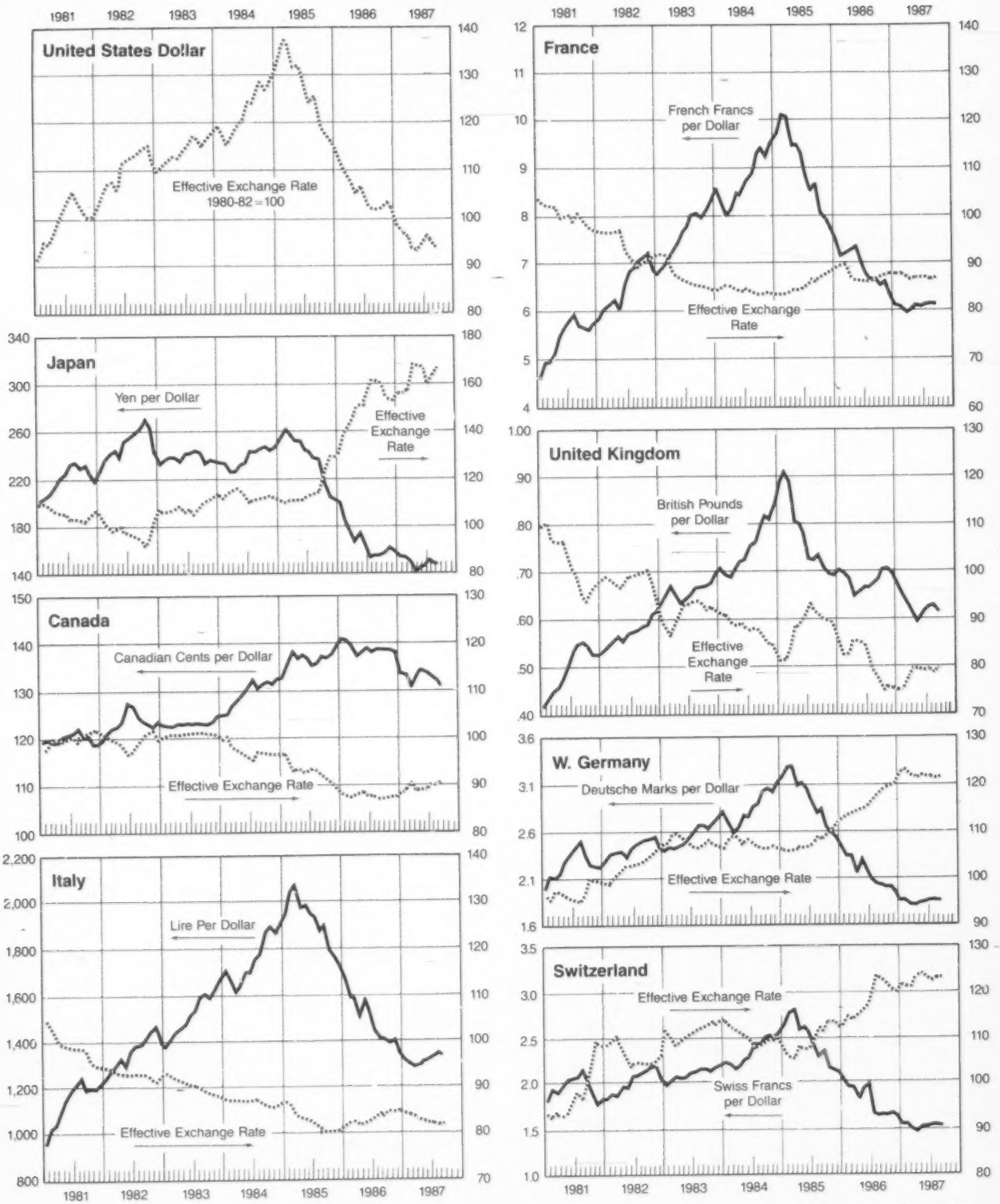
Merchandise Trade: Value of Exports

Raw Materials Prices



Foreign Exchange Rates

Indexes: 1980-82 = 100



Note: Nominal Effective Exchange Rates: index numbers 1980-82 = 100. Each index shows a currency's trade-using averages weighted appreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

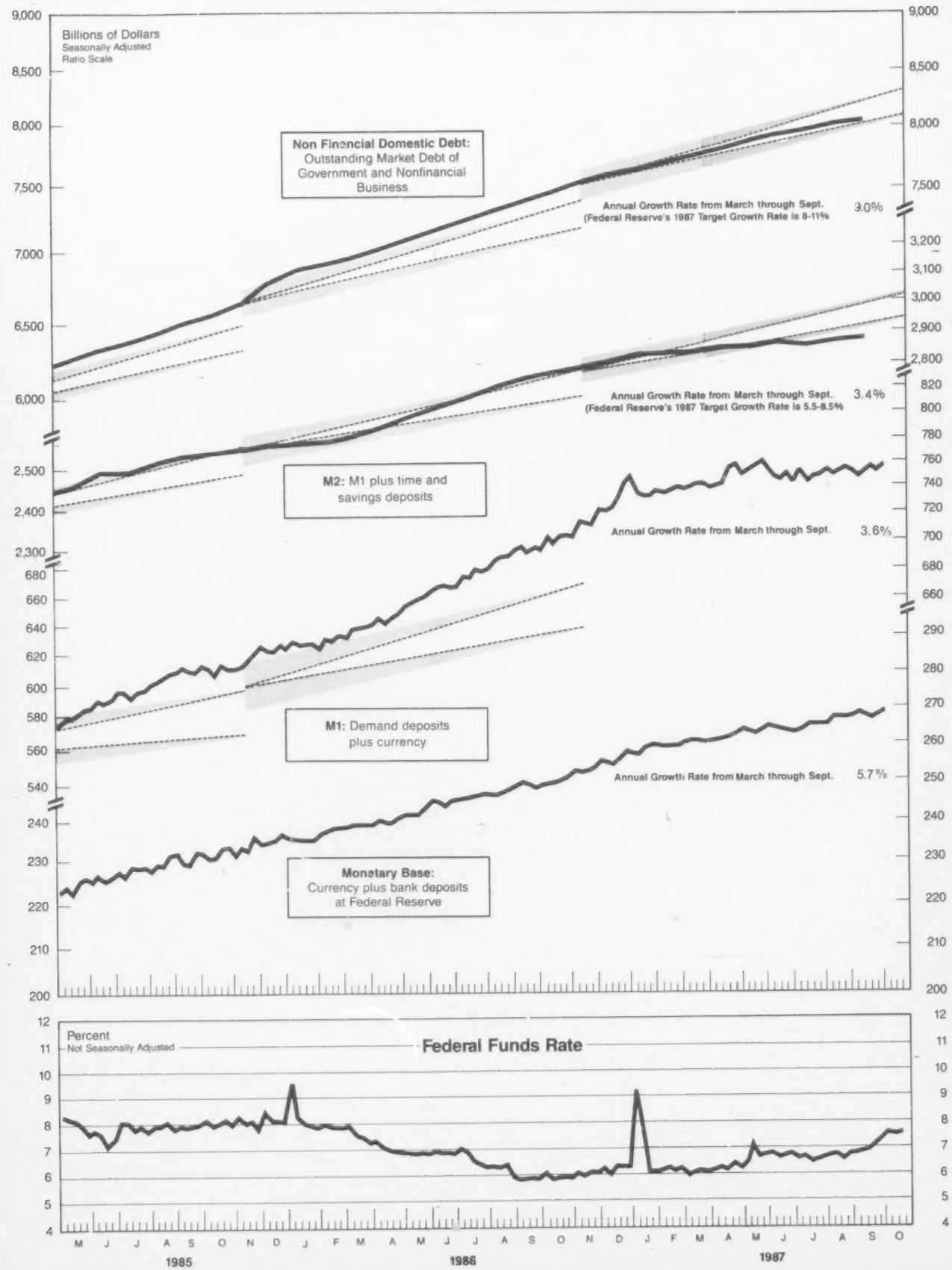
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986	Fiscal 1987	Fiscal 1988	
	Actual	Administration's Latest Estimate	Administration's Latest Estimate	Congress's Latest Estimate
		(8/17/87)	(8/17/87)	(6/17/87)
Receipts	**$769.1**	**$858.5**	**$909.0**	**$ 918.1**
Outlays	**989.8**	**1,016.9**	**1,032.3**	**1,055.5**
Deficit	**-220.7**	**-158.4**	**-123.3**	**-137.4**
Receipts by source	**$769.1**	**$858.5**	**$909.0**	**$ 918.1**
Individual income	349.0	392.8	396.1	
Social security	283.9	301.9	331.8	
Corporate income	63.1	89.6	105.4	
Other receipts	73.1	74.2	75.7	
Outlays by function	**$989.2**	**$1,016.9**	**$1,032.3**	**$1,055.5**
National defense	273.4	282.2	297.5	289.5
Social security	269.0	281.3	293.2	302.4
Income security	119.8	124.0	124.8	131.5
Health	35.9	40.3	40.9	44.9
Education & manpower	29.7	30.7	33.3	32.9
Veterans benefits	26.4	27.0	28.6	27.4
Transportation	28.1	27.6	26.3	28.3
Agriculture	31.4	29.0	21.2	28.6
International affairs	14.2	13.6	14.8	16.1
Natural resources	13.6	14.3	14.8	15.1
General science	9.0	9.6	11.6	11.1
Justice	6.6	8.2	9.3	9.4
General government	6.1	7.0	7.0	7.2
Community development	7.5	6.0	5.4	6.6
Commerce, Housing credit	4.4	8.5	7.5	7.8
Energy	4.7	3.7	3.4	4.6
Revenue sharing	6.4	1.6	1.5	1.8
Interest	136.0	139.6	144.7	139.3
Allowances	0.0	0.0	0.7	- 0.7
Offsetting receipts	- 33.0	- 37.2	- 45.3	- 47.9

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP				
Current Dollar	**$4,218**	**$4,491**	**$4,830**	**$4,779**
Constant (1982) Dollar	**3,681**	**3,811**	**3,936**	**3,898**
Percent change in				
Current dollar	5.5%	6.1%	7.5%	6.9%
Constant (1982) dollar	2.7	2.6	3.3	3.0
Implicit price index	2.8	3.3	4.1	3.8
Consumer price index	1.6	3.6	4.4	4.3
91-Day T bill rate	6.0	5.7	5.5	5.6
Unemployment rate	6.9	6.2	5.9	6.5

Money Supply and Monetary Growth Targets


Billions of Dollars
Seasonally Adjusted
Ratio Scale
Non Financial Domestic Debt: Outstanding Market Debt of Government and Nonfinancial Business
Annual Growth Rate from March through Sept. 3.0%
(Federal Reserve's 1987 Target Growth Rate is 8-11%
Annual Growth Rate from March through Sept. 3.4%
(Federal Reserve's 1987 Target Growth Rate is 5.5-8.5%
M2: M1 plus time and savings deposits
Annual Growth Rate from March through Sept. 3.6%
M1: Demand deposits plus currency
Annual Growth Rate from March through Sept. 5.7%
Monetary Base: Currency plus bank deposits at Federal Reserve
Percent
Not Seasonally Adjusted
Federal Funds Rate
1985
1986
1987

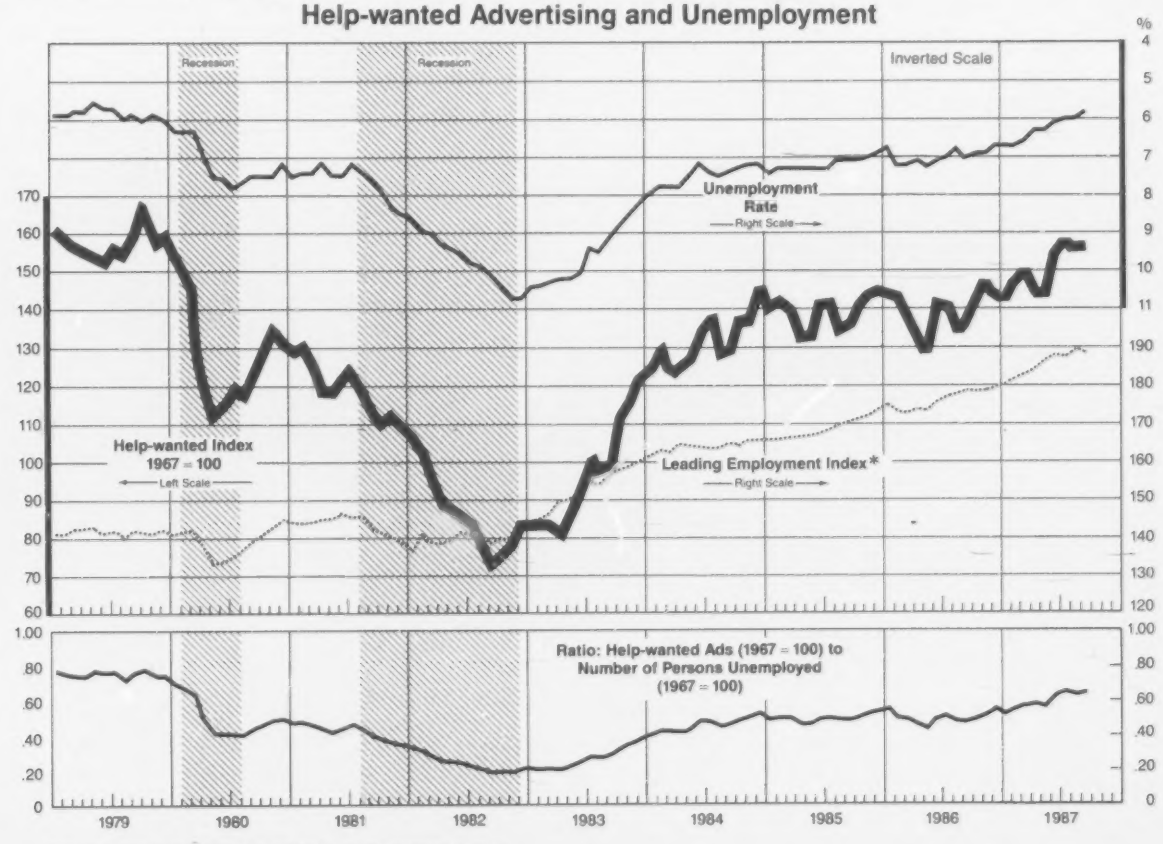
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

Seasonally Adjusted Indexes, 1967 = 100

Locality	1987 Aug.	1987 Jul.	1986 Jul	1986 Aug.
National Index	155	158	155	134
New England	171	186	193	159
Boston	N.A.	184	189	160
Hartford	186	195	196	174
Providence	161	181	202	142
Middle Atlantic	92	95	92	75
Albany	262	300	265	172
Allentown	372	385	374	260
New York	67	66	67	57
Philadelphia	81	86	79	67
Pittsburgh	95	95	89	80
Rochester	88	94	93	81
Syracuse	152	162	151	139
East North Central	107	105	105	92
Chicago	120	120	120	100
Cincinnati	165	157	156	150
Cleveland	74	75	71	62
Columbus	186	187	184	154
Dayton	86	85	86	82
Detroit	59	57	56	60
Gary	174	150	179	119
Indianapolis	109	114	125	93
Milwaukee	81	83	72	61
Toledo	130	124	122	119
West North Central	96	95	96	85
Kansas City	126	140	144	151
Minneapolis	91	87	85	55
Omaha	165	140	139	132
St. Louis	66	64	68	64
South Atlantic	212	239	214	185
Atlanta	268	279	277	245
Baltimore	207	345	226	225
Charlotte	204	202	199	158
Jacksonville	248	254	267	218
Miami	N.A.	151	120	87
Richmond	159	167	174	127
Washington, D.C.	N.A.	207	215	180
East South Central	173	183	172	143
Birmingham	172	176	167	146
Knoxville	277	263	260	216
Louisville	94	99	102	79
Memphis	154	145	147	130
Nashville	231	284	240	189
West South Central	170	170	167	153
Dallas	147	153	158	160
Houston	252	238	227	205
New Orleans	115	123	115	100
Oklahoma City	111	122	119	96
San Antonio	133	138	144	138
Tulsa	133	139	140	111
Mountain	305	308	315	270
Denver	213	211	197	173
Phoenix	406	407	442	384
Salt Lake City	343	355	363	300
Pacific	245	231	235	207
Los Angeles	171	157	164	144
Sacramento	450	452	443	394
San Bernadino	N.A.	N.A.	272	238
San Diego	548	533	560	461
San Francisco	253	239	235	211
Seattle	248	224	217	213
Percentage of papers with rising volume	41	55	90	18
Unemployment rate	6	6	6.1	6.8

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1984	103.9	101.0	101.1	106.1	104.8	105.8	100.4	103.1	100.0	99.1	105.4	97.0
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7r	114.8p			

Buying Plans Index

1984	99.2	98.0	90.7	98.6	102.5	104.9	89.5	95.5	83.5	92.7	96.0	91.9
1985	100.7	98.7	98.4	97.4	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8
1986	104.5	104.4	103.1	124.7	109.0	111.3	107.2	108.2	105.3	98.8	93.0	103.6
1987	98.9	93.1	98.7	89.7	113.4	94.5	96.0	96.5r	105.7p			

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

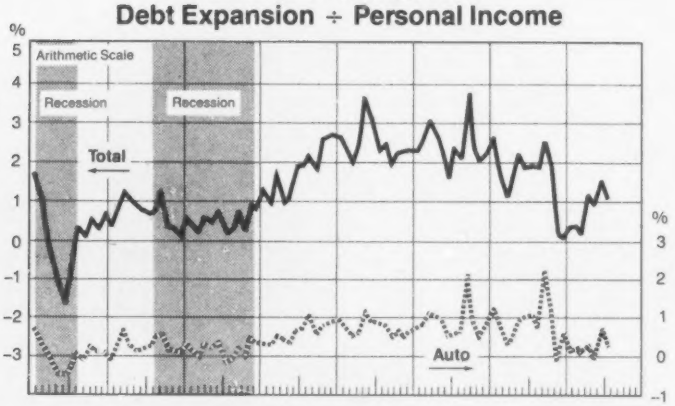
p—preliminary

Consumer Confidence and Expectations

CBDB

ATTENTION PC USERS: All data in this publication plus extensive government statistics are available on cost-effective diskettes, in LOTUS and other formats. Contact Linette Waters: 800-US-BOARD; in NYC, (212) 759-0900.

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales

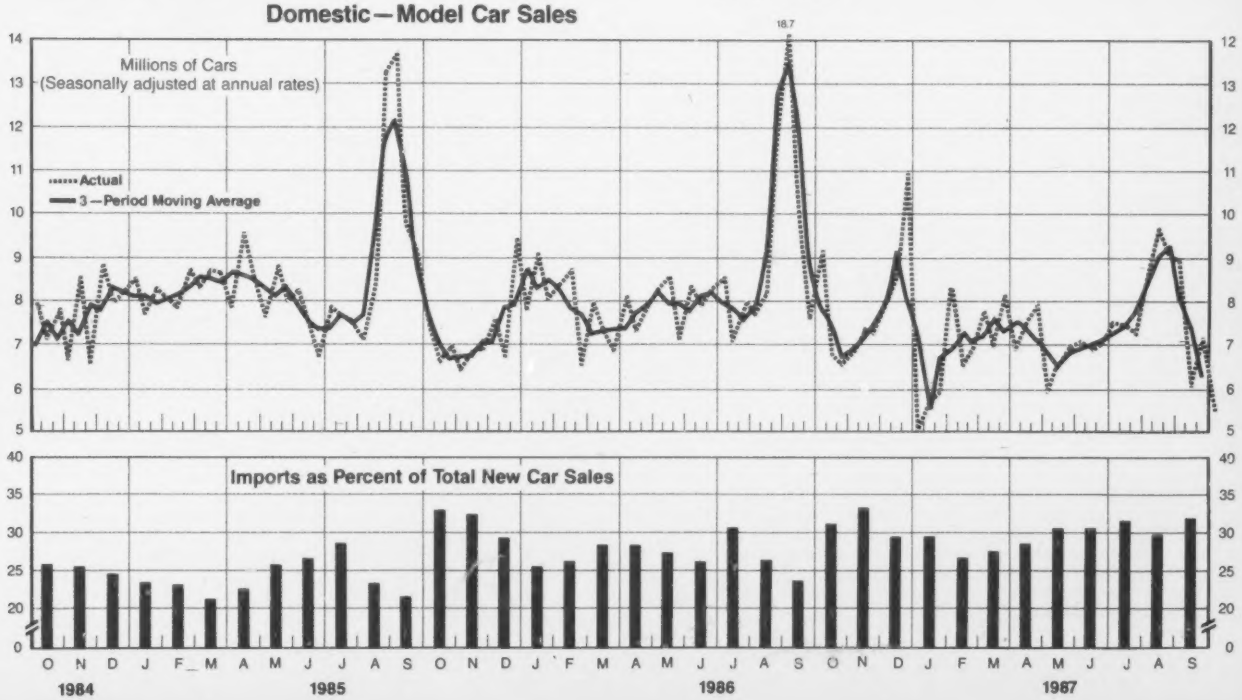
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1984	1985	1986	1987
January:	1-10	8.16	8.46	7.76	4.78
	11-20	7.84	7.66	9.05	5.71
	21-31	9.15	8.23	8.02	5.95
February:	1-10	7.79	8.01	8.36	8.26
	11-20	9.17	7.84	8.71	6.46
	21-28(29)	7.60	8.69	6.47	6.87
March:	1-10	7.35	8.27	7.93	7.76
	11-20	8.13	8.73	7.23	6.95
	21-31	7.35	8.67	6.81	8.13
April:	1-10	8.88	7.84	8.06	6.85
	11-20	7.96	9.48	7.25	7.52
	21-30	8.60	8.42	7.92	7.89
May:	1-10	8.19	7.60	8.30	5.93
	11-20	7.74	8.78	8.57	6.44
	21-31	8.43	7.96	7.09	6.96
June:	1-10	7.22	8.21	8.27	6.95
	11-20	8.25	7.51	7.84	7.03
	21-30	8.10	6.71	8.30	7.45
July:	1-10	9.51	7.81	8.50	7.42
	11-20	8.32	7.63	7.03	7.29
	21-31	8.59	7.57	7.96	8.53
August:	1-10	7.33	7.09	7.64	9.60
	11-20	8.07	8.30	8.19	9.03
	21-31	7.43	13.23	11.65	8.99
September:	1-10	8.13	13.64	18.67	6.09
	11-20	8.52	9.70	9.87	7.09
	21-30	6.03	9.10	7.58	5.54
October:	1-10	7.83	7.40	9.07	
	11-20	7.07	6.57	6.72	
	21-31	7.70	6.92	6.51	
November:	1-10	6.60	6.40	6.80	
	11-20	8.44	6.81	7.32	
	21-30	6.57	6.91	7.23	
December:	1-10	8.75	7.56	7.95	
	11-20	7.96	6.69	8.54	
	21-31	8.19	9.31	10.93	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3—Period Moving Average
18.7
Imports as Percent of Total New Car Sales
O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S
1984
1985
1986
1987